

**PALESTINIAN AUTHORITY ELECTIONS:
IMPLICATIONS FOR PEACE, REGIONAL SECURITY,
AND U.S. ASSISTANCE**

HEARING
BEFORE THE
SUBCOMMITTEE ON THE MIDDLE EAST
AND CENTRAL ASIA
OF THE
COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED NINTH CONGRESS
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PALESTINIAN AUTHORITY ELECTIONS: IMPLICATIONS FOR PEACE, REGIONAL SECURITY, AND U.S. ASSISTANCE

WEDNESDAY, MARCH 8, 2006

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE MIDDLE EAST
AND CENTRAL ASIA,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:28 p.m. in room 2200, Rayburn House Office Building, Hon. Ileana Ros-Lehtinen, (Chairman of the Committee) presiding.

Ms. ROS-LEHTINEN. The Subcommittee will come to order.

Thank you so much for being here with us, and we expect a series of votes around 3:15, so I know that we are starting ahead of schedule, which is a congressional rarity, but we wanted to make sure that we would have an opportunity to make our opening statements and hear from the panelists and ask questions.

Hamas' recent victory in the Palestinian parliamentary elections poses a significant setback to the Israeli-Palestinian peace process, and to United States interests in stabilizing the region. As such, United States policy and assistance programs relating to the Palestinian Authority must be modified to address this development and conform to our post-9/11 doctrine regarding groups such as Hamas.

In the past decade, millions of U.S. tax dollars were sent to help Abu Mazen eradicate terror and promote accountability transparency of government institutions. Despite U.S. and international efforts, Abu Mazen and a corrupt PLO and Fatah party were unable to, or rather, unwilling to comply with their obligations under numerous agreements including under the Roadmap, and to undertake the necessary steps toward peace and security.

Ultimately, inaction and the decision to allow Hamas to participate in the elections without putting down their weapons legitimized Hamas as a political entity and contributed to the situation we are now facing.

Soon after the Palestinian elections, Hamas placed disturbing videos on its official Web site glorifying bloodshed and terror. One of the clips portrays a farewell scene between a mother and her terrorist son as she helps dress him for his suicide and homicidal mission. Another clip has a terrorist expressing his message to the Jews. "My message to the loathe Jews is that there is no God but Allah. We will chase you everywhere," the message says. "We are nation that drinks blood, and we know that there is no blood better

than the blood of the Jews,” he continues saying. “We will not leave you alone until we have quenched our thirst with your blood and your children’s thirst with your blood. We will not leave until you leave the Muslim countries.”

These are not words of a tolerant and democratic political entity. Rather, these words reflect an official policy of a terrorist organization that now controls the Palestinian Parliament. Our response must be clear and it must be resolute. We must be ensured that United States tax dollars will not be used directly or indirectly to subsidize the government controlled by an Islamic Jihadist organization responsible for brutally killing and injuring innocent civilians.

My colleagues and I who introduced the Palestinian AntiTerrorism Act of 2006 believe that this should include cutting off non-humanitarian aid to the Palestinian Authority until the new Palestinian governing entity renounces terrorism, disarms, recognizes Israel, and commits itself to all previous agreements.

It also cannot be limited exclusively to Hamas but must necessarily apply to all Islamic Jihadist terrorist groups operating in areas under PA control.

In the weeks following the Hamas victory, Palestinian terrorist groups have launched over 130 rockets into Israeli territory, a 20 percent increase from the rockets fired at Israel last year. Islamic Jihad and Fatah-affiliated groups have claimed responsibility for these attacks. It is therefore foolish to believe that Fatah will provide a valid alternative to Hamas.

There are nuances in approach with respect to the provisions of assistance for civil society and democratic promotion. We have received input from some who argue that it is important to support non-Hamas political parties, promote independent media efforts, and to preserve the integrity of the Palestinian Elections Commission as a counter to Hamas’ efforts.

However, Congress should remain concerned. Based on recent experience, it would appear that overall civil society programs in the territories have failed. They have failed in their mission of creating an open, transparent, tolerant, and democratic form of government. Our witnesses today will address these and other issues relating to international assistance programs and factors that could alter how funding is assessed.

Also, we hope to learn lessons from the experiences of our allies. In doing so, we have invited Ms. Ilka Schroeder, thank you, Ilka, to testify on her extensive study on the EU’s assistance program within the Palestinian territories.

In addressing the issues of assistance—the next steps for the international community and for U.S. policy, both bilaterally and through international forums—it is incumbent upon us to exert due diligence over how United States contributions to the United Nations, for example, are being used.

One organization in particular that is of concern is the United Nations Relief and Works Agency, UNRWA. UNRWA has proven to be ineffective in preventing assistance from reaching the hands of Jihadists, ensuring that its facilities are not used for Islamic terrorist efforts, and in curbing incitement of violence and anti-Israel sentiments within the territories.

We look forward to hearing the views of our panelists on the implications of the electoral victory of Hamas, and we hope to gain a better understanding of what type of safeguards can be put in place to prevent U.S. assistance from being manipulated by terrorist groups such as Hamas.

Before concluding, I would like to emphasize that this Subcommittee has held numerous hearings and briefings on United States policy and United States assistance to the Palestinian. We received a wide range of views and have heard from the Administration, from NGOs, and from other experts.

Today's hearing is a continuation of those efforts, and complements the hearing held by the full International Relations Committee last week as well.

With that, I would love to turn to the Ranking Member, my good friend Mr. Gary Ackerman of New York for his opening statements.

Mr. ACKERMAN. Let me first thank the Chair for her opening remarks, with which I would like to associate myself, every bit of it, and also thank her for conducting this timely hearing as she always does on all the topics that are appropriate to our Subcommittee, and for her conducting them with not just diplomacy but absolute fairness toward the Minority Members of this Subcommittee and the courtesies that she extends to all of us.

Madam Chair, I would like to address some of the proposals for dealing with Hamas, proposals that the sponsors and patrons of which described as more moderate, more reasoned, and more diplomatic. Indeed, we are informed by some that despite their overwhelming majority in the Palestinian Legislative Council, Palestinians didn't actually intend to put Hamas in power.

We are also informed that a majority of Palestinians still favor a two-state solution to the Palestinian-Israeli conflict. Some have even gone so far as to suggest that Hamas' victory is in fact a setback for Hamas, which is now surprised that they are confronted with the unenviable task of governance. Moreover, some argued that Hamas' credentials create an opportunity to achieve a curable ceasefire.

Proponents of these idea have also been in the forefront of arguing against strong United States sanctions against the Hamas-controlled Palestinian Authority. Such action, it is argued, would constitute collective punishment and send the wrong signal to the Palestinian people. Sanctions would drive Palestinians into the arms of Iran and strengthen Hamas' leadership. Sanctions would undercut America's democratic credentials.

Instead, it is argued that we should continue to engage with President Mahmoud Abbas and we should put pressure on Israel to loosen checkpoints and enable freer movement. Direct aid should continue to be given to Abu Mazen, or at worst, should continue to be directed through NGOs and PVOs.

The important thing we are told is not to let Hamas' victory distract us from our real goals—ensuring the welfare of the Palestinian population and preserving the institutions of Oslo to allow for a return to negotiations as soon as possible.

Indeed, some have suggested that the Quartet's three conditions—recognition of Israel, renunciation of violence, and acceptance of the PA's obligations—might need to be set aside if they im-

pede constructive engagement with Hamas on maintaining a ceasefire or providing services to the Palestinian people.

I am not surprised by these proposals. They are made by good-hearted and reasonable people whose intentions are wholly admirable. Honestly, my own instincts actually lean in that same direction.

I prefer peace. I prefer dialogue. I despise violence, and I hate war. But we do not live in a world populated only by the peaceful, the reasonable, and the good-hearted. We live in a world where the violent may hold power, the wicked may prosper, and the vengeful may rule. We cannot debase ourselves to accept their methods and we cannot compromise our values to conquer theirs.

But we cannot pretend that patience, reason, tolerance, and good intentions can suffice to protect us and the interests that we hold dear.

Count the votes anyway you would like, the reality is that Hamas won a majority larger than that of which any parliamentary government in Europe could dream. Palestinians continued to favor a two-state solution, but they also continued to favor the use of violence and terror to achieve their aspirations.

Hamas may be willing to pursue pragmatic agreements, but only when these agreements pose no challenge to their commitment to Israel's destruction and replacement with an Islamic state. Governing may pose a challenge to Hamas, but there can be no question that any and every failure of theirs will be blamed on Israel regardless of the circumstance.

Hamas may truly be interested in a long-term ceasefire, but only because they know open war would devastate them and they need more time to rebuild their forces and to acquire new means of threatening Israel.

The Palestinians, like people everywhere around the world, want to have their cake and eat it as well. Everyone likes to get benefits without costs. By electing Hamas, the Palestinians were not just protesting bad governance and corruption. If that was their intention, Salam Fayed would have gotten 75 mandates.

No, Palestinians chose Hamas without any illusion. They knew Hamas is designated as a terrorist organization in the United States and Europe. They knew that Hamas is committed to the extermination of the State of Israel. They knew Hamas, by its religious nature, is incapable of the fundamental compromises needed for peace. They knew Hamas intends to create a Sharia law state. They knew that electing Hamas would mean the end of foreign assistance from the West. They knew that Israel would have nothing to do with an Hamas government. They knew that Hamas and Abbas have nothing in common. They knew all of this.

So the real question before us is whether or not there will be consequences. Let us be clear. If we fail to hold the line against Hamas, and what Hamas represents, the consequences for us and our allies will be severe. I cannot emphasize enough how essential it is that we do not waiver. If we accept Hamas, if we legitimize them, even a little bit, we will send an unmistakable signal that Islamic fanaticism married to barbaric violence is the path to power, and that siren call of benefits without cost, of action without consequences, is not in fact beyond the reach of the determined.

We cannot afford to send that signal. We cannot afford to demonstrate that Hamas, its ideology, and its methods are anything but a pathway to isolation, misery, and failure. Hamas must not only fail but must be seen to fail if there is to be any hope of peace in the Middle East.

I am not suggesting that this failure should be a result of our intervention. Hamas must be seen to fail on its own. We can, however, be clear about what our goals are, and we can be clear about how we spend our money, and we can be clear with the Palestinian people what they can expect from our nation when Hamas has been cast from power.

Hamas is counting on our nerve to break first. They are depending on our reasonableness and altruism to save them from the consequences of their own unbending fanaticism, and we must not provide them with that escape.

Thank you, Madam Chair.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Ackerman.

Mr. BERMAN of California.

Mr. BERMAN. I abstain, Madam.

Ms. ROS-LEHTINEN. Thank you. Ms. Berkley of Nevada.

Ms. BERKLEY. Madam Chairman, I would like to hear, I know time is short. We may end up called any minute to vote. I would love to hear our witnesses and I can reserve my poignant remarks for later if there is time.

Ms. ROS-LEHTINEN. Thank you, Shelly.

All right, thank you. Let me just briefly introduce our panelists.

Mr. ACKERMAN. Madam Chair?

Ms. ROS-LEHTINEN. Yes, sir.

Mr. ACKERMAN. If I might just before the panelists—

Ms. ROS-LEHTINEN. Yes.

Mr. ACKERMAN [continuing]. Ask unanimous consent to put a statement in the record from ISBS.

Ms. ROS-LEHTINEN. Without objection.

Mr. ACKERMAN. Thank you.

Ms. ROS-LEHTINEN. Thank you.

Mr. Bennett Zimmerman is a Project Leader and co-author of *Arab Populations in the West Bank and Gaza: The Million Person Gap*, and I am going to run through them quickly so I will abbreviate your biographies.

Michael Herzog is currently a Visiting Military Fellow at the Washington Institute. He was a military secretary to the Interior Minister of Defense, and he was the liaison between the Defense Minister and the IDF, the Prime Minister's office, the intelligence community, and the Israeli defense establishment.

Ilka Schroeder is a former member of the European Parliament. She was elected on the list of the German Green Party in 1999. When she left 2 years later, and continued her parliamentary work as an independent member of the Parliament, she started to inquire about EU funds to the Palestinian Authority. She is based in DC and is a Professor-Lecturer at Georgetown University.

Thank you so much. Mr. Zimmerman we will start with you.

**STATEMENT OF MR. BEN ZIMMERMAN, PROJECT LEADER,
AMERICAN-ISRAELI DEMOGRAPHIC RESEARCH GROUP**

Mr. ZIMMERMAN. Thank you very much for having us. I am going to give you the highlights of our report, *Arab Population in the West Bank and Gaza: The Million Person Gap*, which was recently published by the Begin-Sadat Center, with my co-authors Dr. Roberta Seid and Dr. Michael Wise, who is with us here. We also made use of an Israel research team which was headed by Yoram Ettinger, and Brig. Gen. [Retired] David Schahaf, who conducted Israel's population work in the early nineties for the West Bank.

First of all, let us understand the Palestine Central Bureau of Statistics said in 2004 they had a 3.8 million population claim. To arrive at that claim, they started from the point they issued in a census in 1997, in which they said their population was 2.78 million. At that time they issued a projection all the way to the year 2015 which said the population would grow to 5.81 million.

Along the predetermined schedule in the forecast they issued in mid-2004, their population is 3,827,914 persons, exactly what had been projected several years earlier.

This caused notice over in Israel because what was taken is this number of 3.8 million added to 1.3 million Israeli Arabs, and it was believed the point was getting close where the number of Arabs west of the Jordan River was getting close to the number of Jews west of the Jordan River. This underlies—

Ms. ROS-LEHTINEN. Mr. Zimmerman, if I could interrupt you. I am sorry. Ms. Berkley is right. I just looked at my Blackberry, and we are going to begin votes at three o'clock, and we are going to have six votes, so that will take us forever.

So the faster you can do this so we can get to the questions, we would appreciate it.

Mr. ZIMMERMAN. I enjoy speaking in bullet points.

Ms. ROS-LEHTINEN. Okay, thank you.

Mr. ZIMMERMAN. Before the Palestinians issued the census, Israel had a number of 2.11 million. Other Palestinian sources agreed with this number. After the census was performed, the Palestinians made a massive one-time jump. This included a double count of Jerusalem as well as the 430,000 jump over Israel's previous estimates. Most of this jump came from including residents living abroad, 325,000 people living abroad as well as the Jerusalem double count.

How do we know this? Because when the Palestinians released the census in 1998, they acknowledged this and said so. Also, in their census standards they said they are counting de facto residents, people who should be present in the territory with the exception of those living abroad who have received IDs and may return at any time. They might return but they are not de facto residents and thus change in definition was a one-time jump.

On top of this they developed birth projections up to 140,000 a year by 2003. But if you visited the actual annual data that is collected by the Palestine Ministry of Health, we found a significantly lower levels of birth activity in hospitals, at home, and in midwife delivery.

We confirmed this lower level of births by visiting data from the Palestine Ministry of Education, which confirmed the much lower birth levels. We see who was entering school 6 years later.

But by far and above, what drove the Palestinian forecast to the highest growth levels in the world were assumptions about immigration. They assumed that statehood would occur in 1999, and that over 50,000 immigrants would start to stream into the West Bank and Gaza annually.

We visited the border data, which you see here in blue, which shows that Israel recorded 10–20,000 Palestinians leaving each year at the borders to Jordan, to Egypt or Palestinian Arabs flying through Ben Gurion Airport. This started to create a 60–70,000-person divergence between the forecast the Palestinians had and reality.

We also received figures for those who had moved from the Palestinian Authority under family reunification programs into Israel, 105,000 since 1997.

We added these figures together and we leave the reports for you to see the detail, but in summary, from the 3.8 million projected and said to be the actual population in 2004, we found 300,000 less births in actuality than forecast. We found that instead of 235,000 people moving in, 75,000 left. We found 105,000 people had changed status to become in the Israeli system, 210,000 Jerusalem Arabs who were double counted, 325,000 people from overseas who were included in the original census, and two smaller categories brings us to a 1.34 million person gap, a 2.5 million actual population figure in 2004.

What this left us with at the beginning of 2004 was west of the Jordan, a situation of 59 percent Jews; in Israel and in the West Bank, a situation of two Jews for every one Arab; and in pre-1967 Israel and Jerusalem, four Jews for every one Arab.

The biggest difference was that the Palestinians, as I said, assumed high birth rates and high immigration rates. What we found in reality was high birth rates that were coming down over time slightly, and, instead of mass immigration, that the emigration abroad or the immigration into their favorite destination point, which was pre-1967 Israel, brought the growth rates in the West Bank and Gaza down severely, from 5 percent assumptions down to 2 percent.

The overall gap came from the fact that Gaza was growing faster than the total of 2.9 percent, but much less than forecast, and in the West Bank the 1.8 percent growth was dramatically lower than the 4.4 percent forecast. And Israeli Jews grew faster than West Bank Arabs, and the fastest growing group in the land was Israeli Arabs, with some of that growth from people coming in from the West Bank and Gaza.

My last slide is this information that was published by the Palestinian Authority and has been adopted by the UN, by the State Department, and by the CIA. What this cartoon shows is that the arguments become circular. This was issued by a group called The Electronic Intifada, which has Uncle Sam broadcasting that there are more Arabs west of the Jordan than the Israeli Jews you see surrounded by the Palestinian flags. The Palestinians also receive marching orders saying not to negotiate a two-state solution, be-

cause the feeling is that, in time, they will overtake Israel with a solid majority.

So this information is critical as it becomes repeated and drives policy. That is a summary of our work which we have left complete for the record.

[The prepared statement of Mr. Zimmerman follows:]

PREPARED STATEMENT OF MR. BEN ZIMMERMAN, PROJECT LEADER, AMERICAN-ISRAELI DEMOGRAPHIC RESEARCH GROUP

BY BENNETT ZIMMERMAN, ROBERTA SEID, AND MICHAEL L. WISE

In 1997, the Palestine Central Bureau of Statistics conducted its first census and used the results to develop population growth projections for each year from 1998 to 2015. It is these *predictions* that the PA has officially issued each year as its population size. These statistics have been routinely accepted by Israeli government agencies, the UN, the World Bank, the EU, the CIA, the US State Department, and many demographers have used the PCBS data for their own projections. However, the PCBS methodology, statistics, and assumptions have never been fully examined or evaluated.

Through in-depth analysis and comparison of the existing records, the study measured the mid-year 2004 Palestinian population in Gaza and the West Bank at 2.5 million instead of the 3.8 million reported by Palestinian Authority (PA) officials. In mid-year 2004 the Arab population in the West Bank was 1.41 million and 1.08 million in Gaza.

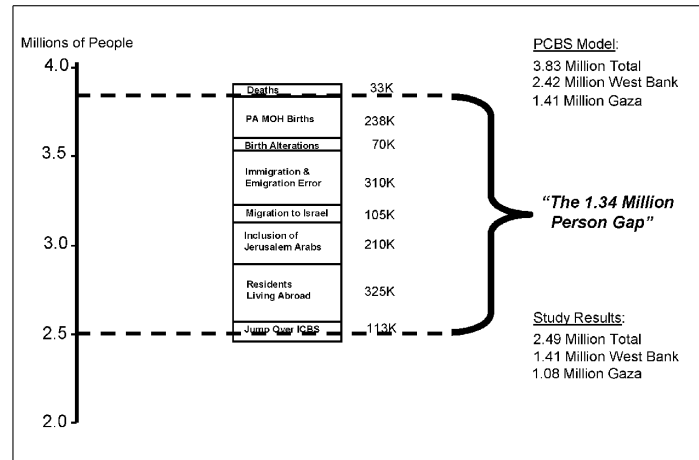
The 1997 PCBS beginning population base for *de facto* residents was inflated by:

- *Inclusion of Non-residents:* The 1997 PCBS Census base included 325,000 Palestinian Arabs *living abroad*, even though these individuals had lived outside the Territories for many years. This group comprised 13% of the PCBS' reported population base. This fact was fully acknowledged by the head of the PCBS when the Census Results were released in 1998. Reduction: 325,000
- *Inclusion of Jerusalem Arabs in West Bank Figures:* Jerusalem Arabs who were already counted in Israel's population survey were also counted in the PCBS population estimate for the West Bank. Reduction: 210,000
- *Unexplained Increase over ICBS Records:* The 1997 PCBS census included an additional 113,000 rise above the last ICBS figures for the Territories. Yet, PA Central Election Commission reports for adults voting in 2005 substantiated the ICBS population records from the mid-1990s. Reduction: 113,000

The PCBS Model's projections with respect to births and immigration were not met in any year between 1997 and 2004.

- *Fewer Births:* According to reports current through January 2005, the PA Ministry of Health recorded fewer annual births between 1997 and 2003 than the PCBS had predicted for each of those years. These lower birth figures are consistent with PA Ministry of Education figures for students entering school six years later. Reduction: 238,000
- *Alterations of Recorded Birth Data:* In its more recent reports, the PA Ministry of Health retroactively raised the number of births it had reported prior to the release of the 1997 PCBS census. Using data at originally reported levels lowers the number of births even further. Reduction: 70,000
- *Net Immigration and Emigration Error:* Instead of the large immigration originally forecast by the PCBS, the Territories experienced a steady net emigration abroad. The PCBS predicted 236,000 would move into the Territories between 1997 and 2003. Instead, 74,000 left. Reduction: 310,000
- *Migration to Israel:* Many residents of the Territories moved to pre-1967 Israel and Jerusalem. No adjustments were made for *unofficial* immigration as there is little data on this group. However, immigrants who legally received Israeli IDs according to Israel Ministry of Interior reports from 1997 to 2003 were removed from the PCBS count. Reduction: 105,000

Figure 1.1 shows the differences between the PCBS Model and the results of this study and the relative importance of each category in forming the gap.



Update of Demographic Statistics

The population data for West Bank and Gaza Arabs, combined with ICBS data on Israeli Jews and Arabs, provides an updated analysis of Jewish/Arab population dynamics west of the Jordan River from 1967 until the beginning of 2004:

- Over the last 38 years, the Palestinian population in the Territories has remained stable at one-quarter of the total population west of the Jordan River. While the West Bank share fell slightly, Gaza's share increased.
- Israeli-Arabs accounted for 14% of the total 2004 population, up from a 10½% share in 1967.
- Jews represent 59% of the total population, having declined from a 64% majority measured in 1967. Excluding Gaza, the Jewish percentage is 67% in Israel and the West Bank.

This study led to several general conclusions about population dynamics in the region. Israeli concerns about demographic pressure from the West Bank and Gaza have evidently been exaggerated. The demographic threat to Israeli society has not quantitatively changed since 1967. All population groups experienced large-scale growth.

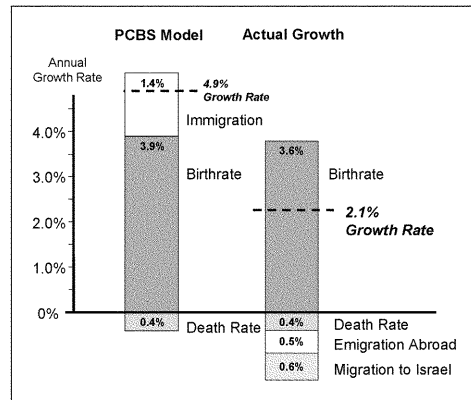
The most critical factor that reduced actual growth to levels well below PCBS expectations was migration. The PCBS' assumption of mass immigration to the West Bank and Gaza proved inaccurate, and in reality, was replaced by a total net emigration. Migration was also the determinant factor that brought their relative growth rates closer together was migration, particularly Jewish immigration into Israel. The emigration of Arabs from the West Bank and Gaza depressed the West Bank Arab and Gaza growth rates while the portion of emigrants who moved into pre-1967 Israel fueled the high Israeli-Arab growth rate. It was this emigration that reduced the overall West Bank growth rate to a level below Jewish growth rates. This migration, and not a lower natural growth, reduced the overall West Bank growth rate to a level below that of the Israeli-Jewish population.

Relative growth of different population groups west of the Jordan River is much closer than previously understood. From 1997 through the end of 2003, The Jewish population grew at an annual rate of 2.1% while the rate for the West Bank Arab population was 1.8%. For the Gaza Arab population the rate was 2.9%, while Israeli-Arabs experienced the highest annual growth at a rate of 3.3%.

The reality is that the 'green-line' has been a very porous boundary, particularly between the West Bank and Israel. Migration that occurs before the final construction of Israel's separation barrier should also be carefully evaluated, particularly in the Jerusalem area where numerous Arab residents with and without Israeli ID cards are moving to areas on the Israeli side of the fence.

The dramatic impact of migration on the overall growth rate in the Territories can best be seen graphically in Figure 5.2. Additionally,

Figure 5.2 Impact of Migration: PCBS Projection vs. Actual Growth in 2003 in West Bank and Gaza.



Since the results of this study were released on January 10, 2005, the PCBS has acknowledged some errors in its population model and has begun to lower both its current population estimate and its predictions about its future size. This report also addresses those recent revisions and the PCBS response to this study. The PCBS acknowledged a deceleration of assumed growth rates and lowered its population figures for 2004 by 200,000 persons and its projections through to 2015 by $\frac{3}{4}$ of a million. It's first start. Other researchers and demographers also began to reexamine and lower their own figures. Some new estimates placed the Arab population between 2.5 and 2.9 million people. Nonetheless, many pundits and government agencies continue to refer to "4 million Palestinians" living in the Territories.

Given the magnitude of the errors in the PCBS Model—its 2004 population was inflated by over 50%—demographers and state agencies would be wise to correct figures for the current population and growth rates before continuing to make any forecasts about future population size. It is important for Israelis, Palestinians and world agencies to arrive at more accurate PA population figures. The PCBS figures have driven critical decisions in Israel, are the basis for American and international foreign aid to the PA and influence infrastructure planning including water and land use. Many of these decisions and policies require reexamination in light of these lower population figures for the West Bank and Gaza.

Ms. ROS-LEHTINEN. Wonderful job.

Mr. ZIMMERMAN. Thank you.

Ms. ROS-LEHTINEN. Thank you. Very impressive.

General.

**STATEMENT OF BRIGADIER GENERAL MICHAEL HERZOG,
ISRAEL DEFENSE FORCES, VISITING MILITARY FELLOW,
THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY**

Mr. HERZOG. Good afternoon. First, let me say that I am honored and privileged to testify in front of this important Committee, and I also want to say that whatever opinions I express are my own opinions based on my over three decades of following Israeli-Palestinian relations both as a practitioner and an analyst.

Hamas' electoral victory is the first time that a violent Islamist group has been voted into power through free and fair elections. This is, of course, is an unsettling result given the nature and platform of Hamas which we all know about.

The primary policy question for the international community is whether it should look to moderate Hamas or to help Hamas fail. Some people argue that Hamas is bound to moderate sooner or

later under the burden of responsibility, and that therefore the immigration process should be made easier by lowering the threshold of demand.

I, however, hold a different view. I think that the chances that Hamas will moderate its core beliefs are very, very slim in the foreseeable future. For one thing, I think historical precedents demonstrate that processes of moderation of extremists violent movements take years, if not decades, and they are only ever achieved through significant pressure from a strong competing political center, namely an effective center of authority and a strong mainstream political establishment.

However, Hamas comes fresh from being elected and no strong mainstream political center exists that can force it to moderate. The current central authority is weak, very weak. The Fatah party is both corrupt and in total disarray, and in Hamas' electoral platform, and I really recommend reading it, you will find that Hamas did not have to moderate anything in its platform in order to get elected.

Furthermore, Hamas is driven by deep religious conviction, and for them to give up on their core beliefs, for example, the belief that the land of Palestine is God-given only to Muslims, and Jews have nothing to do there, would be tantamount to a conversion and giving up on God's will.

Because there is no moderating pressure from within, pressure from outside is essential to require Hamas to accept the international stipulations put forth by the Quartet, namely that Hamas recognize well accepted existing demands and renounce violence.

Hamas is currently focused on consolidating its political gains and authority, establish a government, strengthening its hold on power, legitimizing itself in the eyes of the international community as much as possible, and especially toward securing financial aid.

Hamas will maneuver, in fact it is maneuvering as much as it can to break the international line and erode international conditions, and in this context we can expect tactical adjustments, but not substantive changes. It will probably extend the "tahdiya," the ceasefire, out of its own self-interest. I think they need the calm more than anything else, so they are not doing a favor by extending the tahdiya. And under pressure there is good chance that Hamas will selectively grant de facto recognition to certain existing agreements with Israel which in its judgment best serve the Palestinian population.

However, the chances that Hamas will accept Israel's right to exist or give up violent options are, I think, very, very slim.

Hamas faces a huge challenge. It is inheriting a dysfunctional, corrupt, and economically almost-bankrupt authority. President Abbas has proven himself a very weak leader and failed to deliver on his promises for one authority, one law, and one gun. However, he still wields considerable nominal power and represents a contradictory platform to that of Hamas.

Furthermore, Hamas is confronting a defiant Fatah party still in control of the bureaucracy and security services but which will refuse to relinquish its power, assets, and benefits without a fight.

Hamas is also inheriting a budgetary deficit of approximately \$800 million.

I am therefore not convinced that Hamas will successfully carry the burden, nor will it deliver on what it has promised. I think they will fail. Even if it enacts certain reforms and secures alternative sources of assistance, including from Iran, bottom line I think we may face a Hamas-run dysfunctional Palestinian Authority instead of a Fatah-run dysfunctional Palestinian Authority, only with much more poisoned relations with Israel and the United States and with much better relations with Iran.

However, I would not rely on Hamas failing to do nothing. I think effective pressure from the outside is needed in the form of a refusal to deal with Hamas or to assist the Hamas government unless it meets the conditions put forth by the international community, and here I come to the practical question of where to draw the line between denying support to the Hamas government and averting a humanitarian crisis which is not in the interest, I think, of the international community or of Israel, and convincing the Palestinian people that Hamas' failings are on its own account and not because of international meddling.

If you analyze international aid to the Palestinians, I think they currently fall under five broad categories: First is direct budgetary support, and I would stop all of it.

The second is humanitarian aid. I think this needs to be precisely defined. I would go for the financing of basic needs, food, medicine, water, sanitation and basic shelter. This should continue, but only through certified, nongovernmental organizations, vetted organizations.

The third category is development of programs like construction and the like. Since governments take benefit, take credit for such programs even if it doesn't go through their own budget, I would stop these programs unless they attach on humanitarian needs, public health, and the like or unless you can implement them through positive elements in the private sector and municipalities which are not run by Hamas.

There are two additional very important categories: Education and encouragement of democratization and civil society. I think it is essential to invest in programs counter to Hamas' ideology, but only on condition that you can monitor where the money goes, who gets it, and to what purpose.

I must say that over 50 percent of UNRWA's budget goes to education. I don't think the international community has done well monitoring over what the education program these funds are going to, and as a matter of fact the PA educational programs are still full of hateful material.

Regarding President Abbas, I think there should be two tests. One is the formation of the Palestinian government, which should happen under law, by the end of this month, and whether or not he sticks by the conditions he himself put forth to Hamas for establishing the government. Second, whether or not he seeks control over the key security services, like the preventive security.

If he fails these tests, I think he should not be the beneficiary of any international support. In that case, I don't think there is any use in also trying to enact reform in the security services.

Finally, I want to say that I dearly would like to have a Qalqilya model in the Palestinian Authority. Hamas won municipal elections in Qalqilya, a town in the West Bank 6 months ago. Their reforms, including banning cultural events which allowed the mixing of males and females, and the result was that in the parliamentary elections Qalqilya was one of the very few districts in which Hamas lost elections.

Ms. ROS-LEHTINEN. We like that model.

Mr. HERZOG. But again when it——

Ms. ROS-LEHTINEN. Thank you.

Mr. HERZOG [continuing]. Fell to the international community to hold the line.

[The prepared statement of Mr. Herzog follows:]

PREPARED STATEMENT OF BRIGADIER GENERAL MICHAEL HERZOG, ISRAEL DEFENSE FORCES, VISITING MILITARY FELLOW, THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY

Hamas's electoral victory in the January 25 Palestinian parliamentary elections constitutes a turning point for Palestinians, for Israeli-Palestinian relations, and for the broader Middle East context. It is the first time that an armed, violent Islamist group has been voted into power through free and fair elections. There is no doubt that this victory provides a huge boost to Islamists in the region and beyond. This is an unsettling result given the nature of Hamas, with its fundamental platform calling for the destruction of Israel, its advocating and employing Jihad as a primary tool, and its upholding of anti-US, anti-Western, anti-liberal ideas.

Hamas leaders were as surprised as anyone by their election to power. They must now grapple with translating this victory into practical terms. A veritable burden of responsibility has been placed upon Hamas officials, and from day one they have been, and should continue to be, faced with tough choices.

The primary policy question for the international community is whether it should look to moderate Hamas or to help Hamas fail. Some people argue that Hamas is bound to moderate sooner or later under the burden of responsibility, and that therefore the moderation process should be made easier by lowering the threshold of demand. I, however, hold a different view. The chances for Hamas's moderation on its core beliefs are very slim in the foreseeable future. Let me outline the reasons. First, historical precedents demonstrate that processes of moderation of extremist violent movements take years, if not decades, and they are only ever achieved under significant pressure from a strong co-opting political center, namely an effective central authority and a strong mainstream political establishment.

However, Hamas comes fresh from being elected, and no strong, mainstream Palestinian political center exists that can force it to moderate. The current central authority is weak, and the Fatah party is both corrupt and in total disarray. Moreover, Hamas did not have to moderate its platform in order to win the elections. On the one hand, it ran under the banner of change and reform. On the other hand, while most Palestinians may differ with Hamas on its vision of a one-state solution, they nevertheless accept the idea that violence is a legitimate tool in dealing with Israel (not withstanding the current ceasefire), and they agree with Hamas's interim goal of pushing Israel to the 1967 borders.

Further, Hamas constitutes a political movement driven by deep religious convictions. It believes that abandoning its core ideals (such as the belief that the land of Palestine is God-given to Muslims and that Jews have no rights to the land) would be akin to conversion and giving up on God's will.

Because there is no moderating pressure from within, pressure from outside is essential to require Hamas to accept the international stipulations put forth by the Quartet, namely a "commitment to the principles of nonviolence, recognition of Israel, and acceptance of previous agreements and obligations, including the Roadmap."

Hamas is currently focused on consolidating its political gains and authority—establishing a coalition government, strengthening its hold on power, and legitimizing itself in the eyes of the international community as much as possible, especially toward securing financial aid. Hamas will maneuver as much as it can to break the international line and erode international conditions. In this context, we can expect tactical adjustments from Hamas but not substantive change. It will probably extend the *tahdiya* (cool down/ceasefire) out of its own self-interest, and under pres-

sure there is a good chance that it will selectively grant *de facto* recognition to certain existing agreements with Israel which in its judgment best serve the Palestinian population. It may also recognize the fact that there is an existing state called "Israel" which it is unable to wipe off the map at least at this stage. However, the chances that it accepts Israel's right to exist or gives up the violent option are infinitesimally small. Hamas suggests a long-term ceasefire with Israel, if Israel withdraws to the 1967 lines, releases all Palestinian prisoners, and agrees to accept the "right of return" of Palestinian refugees into Israel proper, but even then, it is not willing to recognize the State of Israel. This is not a partner for peace or stability.

Hamas faces a huge challenge ahead. It is inheriting a dysfunctional, corrupt, and economically almost-bankrupt authority. President Mahmoud Abbas has proven himself a very weak leader and failed to deliver on his promises for "one authority, one law, and one gun." However, he still wields a considerable nominal power and represents a contradictory platform to that of Hamas with an emphasis on a two-state solution and nonviolence. Potentially, he could prove challenging for this organization. Furthermore, Hamas is confronting a defiant Fatah party, still in control of the bureaucracy and security services, but which will refuse to relinquish its power, assets, and benefits without a fight. It also inherits a budgetary deficit of approximately \$800 million.

I am therefore not convinced that Hamas will successfully carry the burden, nor will it deliver on what it has promised, even if it enacts certain reforms and secures alternative sources of assistance, including from Iran. We may face a Hamas-run dysfunctional Palestinian Authority instead of a Fatah-run dysfunctional Palestinian Authority, only with much more poisoned relations with Israel and the US and with much better relations with Iran.

However, I would not rely on Hamas's failing and do nothing. Effective pressure from the outside is needed in the form of a refusal to deal with Hamas and to assist a Hamas-government unless it meets the conditions put forth by the international community. The practical question becomes where to draw the line between denying support to and the success of a Hamas-run Palestinian Authority while averting a humanitarian crisis—which is against the interests of the international community and Israel—and convincing the Palestinian people that Hamas's failings are on its own account, and not because of international meddling.

Under most international definitions, aid currently falls under three broad categories: budgetary support, emergency/humanitarian, and development. My view is that no direct budgetary support should be given to a Hamas-run government or Hamas-controlled institutions. Humanitarian aid to the Palestinian people should be continued but only indirectly and through vetted organizations. I would define humanitarian aid much like the European definition, which is basic needs such as food, medicine, water, sanitation, and basic shelter. As concerns development programs, since the government can take credit for such programs, even if the funding does not go through its budget, these projects should stop unless they touch on the humanitarian field. Projects may also be continued or carried out either through positive elements in the private sector or in municipalities which are not run by Hamas.

However, two additional and separate categories hide beneath most current definitions of humanitarian and developmental aid. These are education and encouragement of democratization and civil society, and they should be addressed separately. In terms of education (for which over 50% of UNRWA's budget is allocated), the international community should invest only in certified programs, not those run by Hamas or carrying Hamas's platform and values. Education will become crucial as Hamas will control the Ministry of Education, and the international community must monitor any of its funding for education to prevent the funding and subsidizing of hate programs—the current PA program continues to disseminate hateful materials. As for the encouragement of civil society, which includes programs aimed at peace promotion, people-to-people interactions, democratization, and support for the private sector and NGOs, this aid should continue, but the international community should monitor exactly where the money will be going. It is essential to invest in programs counter to Hamas's ideology.

Concerning President Abbas, he must be tested to the point of the establishment of a new government by Hamas, which under Palestinian law should take place by the end of March. Abbas put forward similar conditions to those of the Quartet for Hamas to form a government. Abbas must be held accountable—he must refuse any formation of a Hamas government without Hamas first accepting in clear terms his own formal conditions. A second test for Abbas is to make sure that he maintains control of core security services, such as the Preventive Security, without yielding any such power to Hamas. If Abbas fails in these tests, and becomes simply a cover

for a Hamas government, a mere fig leaf in a seemingly two-headed authority, then there is no point in the international community working with him, and he should not be the beneficiary of any international support, and certainly not financial support or channeling of financial aid. Under such conditions, there is also no use in continuing the effort to reform the Palestinian security services.

Ultimately the aim should be to help Hamas fail. Ideally, we would witness a Qalqilyan model. In Qalqilya, a Palestinian town in the West Bank, Hamas won municipal elections in mid-2005 and had been running the town for six months leading up to the January elections. "Reforms" included banning cultural events which allowed the mixing of males and females, among other fundamentalist initiatives. In January, Qalqilya was one of the very few districts in which Hamas lost elections.

The true test of democracy is not merely free and fair elections. Democracy does not emerge from the mere willingness of an extreme, armed party co-opted into the political field to use elections in order to gain power, but from a willingness of this same party to hold similar elections with the likelihood of losing power. That is the real test. In facing Hamas with critical choices, the international community would do well, alongside its other conditions, to insist on promoting the democratic process and maintaining the institution of free fair elections, so as to force Hamas to either change course or lose power through this very same process.

Ms. ROS-LEHTINEN. Thank you, General.

Ms. Schroeder.

**STATEMENT OF MS. ILKA SCHROEDER, RESEARCH FELLOW,
GEORGETOWN UNIVERSITY**

Ms. SCHROEDER. Thank you very much for inviting me. I will come straight to the point—

Ms. ROS-LEHTINEN. Thank you very much.

Ms. SCHROEDER [continuing]. So you can actually get some questions in before you vote.

The European Union has been the major donor, or one of the major donors for the Palestinian Authority since the Oslo Accords. When the intifada was initiated in September 2000, shortly after the Israeli government froze the tax revenues for the Palestinian Authority because they would be used for the financing of assassinations of Israelis, the European Union did not standby passively. However, it did not, as you might think, investigate whether EU monies had possibly ended up in Arafat's war chest. Rather, Brussels initially granted an additional 90 million euro as direct budgetary assistance, followed by a regular 10 million euro monthly support payments for the next 1½ years.

Direct budgetary assistance isn't unusual financial instruction since it doesn't demand any proof from the beneficiaries of what the funds actually were used for.

When allegations arose that the EU funds might have financed Arafat's war against Israel, the European Parliament turned down a new and creative way—my proposal for an inquiry committee. The Conference of Presidents did not even allow the usual vote in a plenary session to determine if such a committee was supported by a majority of the House. Other European institutions were even less curious to know where the money went.

So I think it is crucial to take a closer look at the background of these EU decisions and understand the reasons of the behavior in Brussels that more than anything else have to do with questioning of the United States' global power positions, but I would need some more time to elaborate on that.

Let me stress some thoughts on today's political setting in the Palestinian territories. The people living there have just practiced

a little democracy and the majority did vote for a movement that promotes harsh anti-Semitism, even more than the last government under Mahmoud Abbas.

Hamas underlines its willingness turn their anti-Jewish statements into action at any time. It was made clear by party leaders that they do not want to trade in. They aim to destroy the State of Israel in order to achieve better international relations. It should be no surprise that Hamas government will use its power to implement the program that has been detailed in its publicly accessible charter since 1988.

Today, the foundation of a Palestinian state would mean an increase in the instruments of power for aggressively anti-Semitic program. Giving money to the PA today after the latest elections constitutes direct financing of anti-Semitic nationalists.

It has been shown to anyone who reads the newspapers that any innocent financing to the PA from the U.S. or elsewhere for purely humanitarian purposes still has problems. In European-funded tax books, anti-Semitic maps help the teachers to teach a proper Palestinian primary school class. The official PA media advertise daily for suicide bombers, and the refugee camps supported by the UN Relief and Works Agency for Palestinian refugees host hidden explosives labs.

Even though nations to the Palestinian territories in the form of food can have appeared on the black market. Whether the profits made from these sales have ended up in some Fatah party officials' swimming pools or were used to buying nails and explosives for suicide terrorist last belt, we might never know, but what we do know now more than ever before is that the new government took power in order to reform and change, to reform and change the way that the PA approaches Israel, and that that is clear to anyone that Hamas is committed to destroy the State.

This happens not even 70 years after popular German leaders spelled out and put into practice what anti-Semitism really means and how to take it to its effective end. This happens in times of rising anti-Semitism in Arab countries as well as in Europe, and most other places in the world.

I would suggest that it is worth thinking through if one really wants to fund such a political program.

Thank you.

[The prepared statement of Ms. Schroeder follows:]

PREPARED STATEMENT OF MS. ILKA SCHROEDER, RESEARCH FELLOW, GEORGETOWN UNIVERSITY

"Here we go: another one of those leftist European know-it-all ready to tell any American who is ready to listen how to do good things in the world. And there could not be a better cause, than spending money on suffering Palestinians who are in desperate need for international help. How dare the US even think about stopping the financial aid."

This is, what you might think seeing me appear in front of you, of this very committee today. And you are right in one thing: I will present a somewhat European perspective, but the outcome of my reflections is less European than one could assume. Believe it or not—my experience has made me come to a very different conclusion about the financing of the Palestinian Authority. I am very honored to be given the opportunity to present to you my humble opinion on the matter, that by the way has not exactly enlarged my circle of friends back in Europe.

I hope you will excuse my rather European approach in terms of the use of technology—you will be faced with a purely oral presentation.

The European Union has since the Oslo accords in the early nintees been one of the major donors of the Palestinian Authority to help its foundation and functioning.

In September 2000 the so called Intifada was initiated. When the Israeli government froze tax revenues of the Palestinian Authority shortly after, because they would be used to finance assassinations of Israelis, the EU did not stand by passively. However, it would not, as one might think, investigate whether EU aids had possibly ended up in Arafat's war chest. Rather Brussels initially granted an additional 90 million Euro as a direct budgetary assistance, followed by a regular 10 mio. Euro monthly support for the next one and a half years.

The direct budgetary assistance is an unusual financial instrument, since it demands no proof for what the funds were used for from the beneficiary's side.

When allegations came up, that the EU funds might have financed Arafat's war against Israel, the European Parliament turned down in a new and creative way my proposal for an inquiry committee: The conference of Presidents did not even allow the usual vote in plenary whether such a committee was supported by a majority of the House. Other European institutions were even less curious to know, where the money went.

Though I think it is crucial to take a closer look at the background for these EU decisions and understand the reasons of the Brussels behaviour, that more than anything else has to do with the questioning of the United States global power position. But I am afraid I would need a little more than 5 minutes to elaborate on that.

A couple of words on today's political setting in the Palestinian territories:

These people have just practiced a little democracy and the majority voted for a movement, that promotes blunt anti-Semitism and even more than the last government under Mahmud Abbas. And Hamas underlines its willingness to turn the anti-jewish statements into action any time. It was made clear by party leaders, that they do not want to trade in their aim to destruct the state of Israel for good international relations. It should be no surprise that Hamas in government will use its power to implement its program, that is written in its publically accessible charta since 1988.

Today the foundation of a state of Palestine would mean the increase of the instruments of power for an aggressively antisemitic program. Giving money to the PA today, after the latest elections, is a direct financing of antisemitic nationalists.

Neither do I like to fast, nor would I promote it as a useful political tool, the less so as it is not voluntarily in the case of the Palestinians. But unfortunately one is faced with more facts than just with starving people. It was shown to anyone who would read the papers, that any innocent financing for purely humanitarian purposes does not seem to work. In European funded text books, anti-Semitic geography helps the teacher to teach a proper Palestinian primary school class, the official PA media advertise for suicide bombers daily and the refugee camps supported by the UN agency for Palestinian refugees (UNRWA), host hidden explosives' workshops. Even donations in kind in the form of food canes to the Palestinian territories have appeared on the black market. Whether the profits made from these sales have ended up in some Fatah's party leader swimming pool or were used to buy nails and explosives for a suicide terrorists' last belt—we might never know. But what we do know now even more than before is that the government took power in order to destroy Israel.

This happens after not even 70 years ago a popular German leader spelt out and put into practice, what anti-Semitism really means and how to take it to its effective end. This happens in times of rising anti-Semitism, in the Arab countries, as well as in Europe and in most other places in the world. I would think it is worth a thought if one really wants to fund such a political program.

Ms. ROS-LEHTINEN. Thank you very much.

I would like to turn to Mr. Boozman to begin our round of questions. Thank you very much to the panelists.

Mr. BOOZMAN. Thank you very much, Madam Chairman and Ranking Member for having this very, very timely hearing.

Ms. Schroeder, UNRWA has been a major beneficiary of U.S. assistance in the past. It is proven time after time to be ineffective in preventing assistance from reaching the hands of terrorists, and incapable of curbing incitement of violence to anti-Israel sentiment within the territories.

What changes would you recommend to us be made to this organization?

Ms. SCHROEDER. Well, definitely you have to have some security that the funds are not used exactly for the purposes that you mentioned and that have been even reported in newspapers. So I would say as much as for the UN institutions as well as for the PA, as long as there is no security the money is not used for anti-Semitism to fund suicide bombers, I would put it on pending and wait until the securities are given.

The EU has promoted that when it got to officially and to openly recognize that there were problems with the funding, but never implemented them. So you can take these measures, but you have to take into account, I think, that for funding you need—I don't know—maybe as much of the money to control where this money goes.

Mr. BOOZMAN. I am just curious, you are a gal that got very, very interested in this subject, and also is somebody that was in the EU Parliament. How did you get involved and how did you, I guess, how did you get as deeply involved as you did, and what sources did you use?

I mean, you have got a lot of information, this great information about you mention, you know, the various places that this funding had gone in the past. What kind of sources did you use to ferret it out?

Ms. SCHROEDER. Anything public and newspaper, nothing hidden. And the second one might surprise you, but it was 9/11 that really hit me. I come from the Left, I am still there, but I realize that 90 percent of the people I was working with I could not carry on because most of them were justifying the perpetrators and anyone justifying 9/11 by saying, oh, well, you know, people live in poor conditions, so it would be somehow natural to blow themselves up, which most of the world proves wrong.

Ms. ROS-LEHTINEN. Thank you.

Mr. BOOZMAN. Thank you very much.

Ms. ROS-LEHTINEN. Thank you. Mr. Ackerman.

Mr. ACKERMAN. Just what was said, most of the people you were working with, are you talking about the members of the EU?

Ms. SCHROEDER. Both. Other members of Parliament and also—

Mr. ACKERMAN. Most members of the EU and most members of Parliament are sympathetic to the 9/11 terrorists?

Ms. SCHROEDER. They wouldn't say, oh, that was a great thing openingly, but I am sure you notice the turn the first 2 weeks after 9/11 were fine in Europe. People said we are all Americans which by the way you only have to mention if there is some doubt, but 2 or 3 weeks after it started that people said, yes, but hang on, there is some trouble in the world, and finally, whose fault is it, and it always was personalized that it was the U.S. fault. It was the U.S. foreign policy, and never people questioned how the EU was involved in that, what kind of foreign policy the EU promoted.

So I think really since the end of September the Europeans got more and more involved in anti-American—

Mr. ACKERMAN. Blaming the victims.

Ms. SCHROEDER [continuing]. Perception. Pardon?

Mr. ACKERMAN. I said blame the victims.

Ms. SCHROEDER. Yes.

Mr. ACKERMAN. Should it be U.S. policy that Hamas fail?

Ms. SCHROEDER. Are you asking anyone?

Mr. ACKERMAN. I am asking everyone.

Ms. SCHROEDER. Okay. Well, I think to start, but please take the floor, I think that not supporting Hamas, not having any official contact and not financing the PA government as long as it promotes the destruction of Israel is what the United States can do to help not make this program succeed.

Mr. ACKERMAN. I think the question is eventually going to come down to not help the Hamas government, but do we help somebody that is not the Hamas government.

Ms. SCHROEDER. Who is that?

Mr. ACKERMAN. Well, that is my question. Should we help anybody?

Ms. SCHROEDER. As long as you can ensure that it doesn't end up in terrorism and you would need to put lots of resources into it.

Mr. ACKERMAN. Are you in favor of humanitarian aid if it were—

Ms. SCHROEDER. As long as it is ensured it ends up for peoples' food, yes.

Mr. ACKERMAN. Your assertion is that the Europeans were not successful in guaranteeing that that was not the case, and I would think that we have not been successful at that either.

Anybody else want to take a quick stab at that?

Mr. ZIMMERMAN. I think, first of all, you have to determine how many mouths there are to feed in any humanitarian crisis if there is one, because I understand there is funding coming into the Hamas governments. How many are there, and we also noted how many are moving into Israel and leaving the PA either for destinations for abroad or into Israel.

But on the political level if your question is whether to support the Hamas government, most of the support has been driven by the assumption that the two-state solution is written in stone because of demographic reasons. There is no other option.

We would like to invite new understandings on demography, whether there other solutions, whether they involve supporting Jordanian options, whether Israel has solutions for the West Bank. They are in a much more stable demographic situation to include something besides blanket support for Hamas government.

Mr. ACKERMAN. Just before General Herzog answers that question, is it fair to conclude that the demographics that have been presented to us should lead us to the conclusion that a two-state solution should not be driven by the notion—because it is not well founded according to your numbers—that the non-Jewish population will exceed the Jewish population, and therefore you will not have Jewish state, and that we don't have to pursue the two-state solution because of that?

Mr. ZIMMERMAN. I think you would say in Israel and the West Bank there are no demographic prospects of the Arab population overtaking the Jewish population anytime soon. When you expand that question to Gaza, I think it was a question of delay in time, or more time.

Mr. ACKERMAN. So you are saying Gaza first, Gaza only?

Mr. ZIMMERMAN. I am saying that there has to be a consideration are there different—for instance, Hamas, which has greater strength in Gaza.

Mr. ACKERMAN. You are saying that Israel does not have to leave the West Bank at all because the demographics are better?

Mr. ZIMMERMAN. There are many reasons to consider, but for demographic reasons driving them out, I don't see any change in population trends at all.

Ms. ROS-LEHTINEN. Thank you so much.

Mr. ACKERMAN. I yield the balance of my time.

Ms. ROS-LEHTINEN. Thank you. Mr. Chabot?

Mr. CHABOT. Thank you, Madam Chair. I am afraid there is a vote on the Floor so I will try to be brief if I can.

Ms. Schroeder, let me ask you first, what are your thoughts on the recent softening of the EU stance on dealing with Hamas? In particular, can you elaborate on the EU's decision to continue to fund the Palestinian Authority until Hamas forms a government?

Ms. SCHROEDER. I am not even sure they will cut the funding off once Hamas takes over. They are very vague on that, and I think that is the continuation of the EU's stand toward the Palestinian Authority before Hamas took over to say, well, use it for what you need, but don't make it too obvious.

Now, whereas Hamas is elected and everything is very obvious, the EU is not very eager, as you said, to actually cut down the aid, and I think to explain that, I would need a little more time, but it is in the EU interest to feed the conflict at the moment, unfortunately.

Mr. CHABOT. Would you comment on Russia's recent meeting with Hamas, and do you think the EU is likely to follow their lead and meet with them even though they may not and probably won't renounce terrorism?

Ms. SCHROEDER. The EU surely has a problem because Hamas is on its own terrorist list. So either they would have to take them down from that list before going into official talks with Hamas, which they can't really justify because Hamas didn't change, or I think for the moment they leave it open for Russia to do that. But the EU definitely wants to take a bigger role within the Quartet and possibly a stronger role even in the United States in the long run in the Middle East, so I think it is willing to step over a lot of red lines in order to get there.

Mr. CHABOT. Thank you. Madam Chair, I will yield back because of the time. Thank you.

Ms. ROS-LEHTINEN. Thank you so much, and without objection we will make sure that Members will be able to put in questions for the record, so we will leave it open.

Mr. Berman.

Mr. BERMAN. Well, thank you very much, Madam Chairwoman.

Just first, Ms. Schroeder, a lot of us noticed what you were doing in the European Parliament and what was really going against the drift of the consensus, and it seems to me you stirred it with some deal of success so that actually you initiated investigations that otherwise would not have taken place.

General Herzog, you talk about two things: The Abbas/Hamas. One, Abbas insisting on the conditions he sort of spoke about it in

his speech, and perhaps sent in a letter that no one has seen except the leaders of Hamas and President Abbas, regarding the grabbing of the security forces.

I am told that he has specifically rejected and will not take control of the security forces, and wants Hamas to control the security forces, and seem to notice a falling off of some of the requirements he made in his initial speech and reactions presumably in that letter.

So I am wondering at this point these are tests that I think either have failed or are designed to fail. Play out for us a little bit to see what happens, and let us raise the issue that we don't walk to talk. To what extent does the isolation of Hamas, that Hamas must fail, to what extent does that create a dynamic by which Hamas survives and sustains power?

I just think people think that, and we should up front come out for this. In other words, to what extent will alternative forms of compensation plus this notion that it isn't Hamas' inability to really govern and come to terms with Israel and renounce terror, but it is that they are the victims once again, sustain their public and popular support even as conditions deteriorate because of circumstances on the ground.

Mr. HERZOG. Okay, let me begin with the formation for the Palestinian government. Under law, Hamas should form a government by the end of this month, if I am not mistaken, by the day that Israel is holding its elections March 28.

Now, Abbas put forth, as you said, certain conditions both in public statements, in his speech when the Parliament was sworn in, and also in the letter of illumination when he ask Ishmail Lener to form a government. It wasn't published, but we know what is in it, and he asked them to accept existing agreements with Israel. He asked them to accept the Arab League Initiative of 2002, the Saudi initiative, and some vague formulation about renouncing violence like ending the chaos of the weapons, something like that.

Now, under law they are not obliged to formally say we accept it. They can just come and say we formed the government. They are not obliged to write a letter or make a statement, we accept the conditions.

So what I expect will happen is that they will form a government. He will let them form a government. They will say, we never met your conditions. He will say, because we formed a government, you met my conditions, and it will be kind of a cover up for Hamas' government. His thinking is he should let them try and fail, which is why he wants them to assume control over most of the security services.

Now, how is it going to play out? First of all, I think the challenge facing Hamas is so huge that I am not convinced they will be able to surmount it. I think even with Iranian aid and some Arab aid and some alternative sources, and you know, belt tightening and things like that, I don't think that they are really up to it because they are swallowing a totally dysfunctional authority, and I don't think they are strong enough to digest it.

So what I expect you will see a period of instability and clashes between Hamas and Fatah, we are just witnessing them now, and I think you are going to see more and more if they are going to

try and reform the system. All the bureaucracies are Fatah—most of it are Fatah loyalists. They are going to face resistance, so in the Parliament they fired certain Fatah loyalists, and Fatah armed people burst in and fired in the Parliaments. We are going to see more and more of that.

Whether the public comes to the conclusion that Hamas failed on its own account or because of international meddling, that is difficult to say right now. It depends on how the international community and Israel play their cards. However, I think people are not stupid. They will realize that there is a price to pay. Of course, Hamas will blame Israel, and the blame will be externalized toward Israel and the international community, but I think first and foremost Hamas will be blamed.

Ms. ROS-LEHTINEN. Thank you, General. Thank you.

Congressman Berkley.

Ms. BERKLEY. Actually, thank you very much. I know we don't have very much time. Rather than just to give a couple of comments of my own, I just want to thank all of you very much. This has been a very important and interesting hearing, and I have learned a lot.

I am not at all surprised what happened in the election, and I think that the United States and the EU have been enablers of this. We have given countless, hundreds of millions of dollars to the tune of a billion over the last 10 years. Very little, if any, accountability. We have no idea where the money went. It certainly wasn't going to help the Palestinian people.

If the world community, in my opinion, cared at all about the Palestinian people, Arabs, anybody, they would have a Palestinian state and they would be living a whole lot better than they are living now.

The reality is that these people needed to leadership more than any other people on the planet, and they have gotten none, and Abu Mazen has been an extraordinary disappointment to me. He is no more ready to lead the Palestinian people than the man on the moon, and I think that has been demonstrated, unfortunately, this past year.

I don't believe we should be giving any aid, and that includes humanitarian aid. Even the Saudis, who I am not a fan of, actually said something intelligent when they were standing next to our Secretary of State Condi Rice, and said that the difference between—when they said we are going to keep giving Hamas money or the Palestinian Authority money—giving direct aid and giving humanitarian aid was a difference without a distinction.

Well, how right they are. All this money is fungible. It is going where we don't need it to go, and the Palestinians don't benefit from it. I think it is time that I start protecting my constituents and my taxpayers and stop spending their hard-earned money putting it into a dark hole for the Palestinian Authority until they shape up and do what is right and let us do what is right by the Palestinian people, and it is not by continuing to fund Hamas, and Fatah was no bargain either. That is my opinion.

Thank you, Madam Chairman.

Ms. ROS-LEHTINEN. Thank you so much. Thank you.

We have got terrific Subcommittee Members as you have seen, and I would like to thank the panelists for being here. It is always great to be interrupted by votes. I said that is a wonderful thing to have a democracy and have to abbreviate our hearings because democracy calls.

So this Subcommittee is now adjourned and thank you very much for your patients, and I thank the audience as well. Thank you.

[Whereupon, at 3:20 p.m., the Subcommittee was adjourned.]

